

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	108.72	0.83	0.00	109.55	0.83	0.00	109.55	109.55
Personal Services	3,512,414	589,603	53,679	4,155,696	612,662	53,867	4,178,943	8,334,639
Operating Expenses	2,176,271	305,090	208,091	2,689,452	218,400	107,433	2,502,104	5,191,556
Equipment	214,512	60,810	25,000	300,322	(2,696)	42,000	253,816	554,138
Grants	2,868,758	(198,116)	2,201,341	4,871,983	(193,295)	701,337	3,376,800	8,248,783
Transfers	80,000	0	0	80,000	0	0	80,000	160,000
Debt Service	1,308	0	0	1,308	0	0	1,308	2,616
Total Costs	\$8,853,263	\$757,387	\$2,488,111	\$12,098,761	\$635,071	\$904,637	\$10,392,971	\$22,491,732
General Fund	608,714	125,212	57,468	791,394	118,900	57,454	785,068	1,576,462
State/Other Special	7,451,196	588,794	275,141	8,315,131	472,073	723,745	8,647,014	16,962,145
Federal Special	518,056	9,531	2,108,898	2,636,485	10,802	108,884	637,742	3,274,227
Proprietary	275,297	33,850	46,604	355,751	33,296	14,554	323,147	678,898
Total Funds	\$8,853,263	\$757,387	\$2,488,111	\$12,098,761	\$635,071	\$904,637	\$10,392,971	\$22,491,732

Agency Description

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

1. strengthens and diversifies the Montana agriculture industry through private-public partnerships;
2. collects and publishes agricultural production and marketing statistics relating to agricultural products;
3. assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibition of agriculture;
4. adopts standards for grade and other classifications of farm products;
5. coordinates the planning and maintenance of economical and efficient marketing distribution systems;
6. gathers and distributes marketing information concerning supply, demand, price, and movement of farm products;
7. regulates production and marketing of food and fiber products; and
8. registers pesticides and fertilizers and enforces laws pertaining to them.

Summary of Legislative Action

The legislature added 0.83 FTE and \$4.8 million over the fiscal 2000 base (\$1.1 million decrease from the 2001 biennium) to the Department of Agriculture. Of this total, \$3.4 million was for new proposals, including:

1. increases in general fund and state and federal special revenues to formulate and implement a department-wide electronic commerce strategic plan that addresses the potential increase of on-line transactions within the department, including filing, licensing, and registration processes;
2. \$2.0 million in federal funds for pass-through weed management grants for fire-affected areas; and
3. increased general fund (\$202,678) and state special revenue (\$700,000) authority for weed control programs.

The remaining increase is associated with present law adjustments, including increased general fund to provide start-up funding for the Organic Certification Program; reestablishment of state special revenue authority for biennial funding of Rail Transportation Technical Assistance services; and increased state special revenue authority for anticipated workload in the state grain laboratory.

1.83 FTE were added to implement the electronic commerce strategic plan and organic certification program, and to increase the number of seasonal potato inspectors the department can hire. Additionally, the legislature added language to the boilerplate section of HB 2 which deleted FTE, but not the funding, for all positions vacant for over 7 months, with exceptions. As a result of this language, the department lost 1.0 FTE.

Other Legislation

House Bill 73 - HB 73 directs the department to establish a full-cost accounting model for the state hail program and state grain laboratory to determine the total cost of providing these services in-house. There is no projected fiscal impact to the department.

House Bill 141 - HB 141 revises several laws pertaining to the sale of mint oil. One change made was to decrease the mint oil purchaser license fee from \$50 annually to \$20 annually. This will result in a projected loss of revenue to the department of \$120 in fiscal 2002 and \$200 in fiscal 2003. Remaining assessment revenues are deemed to be sufficient to fund ongoing operations during the biennium and into the future.

House Bill 628 - HB 628 establishes an alternative dispute resolution council and requires alternative dispute resolution efforts as a prerequisite to a buyer maintaining a legal action against a seller of agricultural seed. This requirement is projected to have a net zero affect on state special revenue fund balances.

Senate Bill 143 - SB 143 raises the fees for pesticide registration from \$70 to \$90, and increases the Special Agricultural Chemical Ground Water Protection Fee from \$80 to \$95. Revenues into the department are projected to increase by approximately \$225,000 each year of the biennium.

Senate Bill 165 - SB 165 generally revises the laws pertaining to the Growth Through Agriculture program, and clarifies the reimbursement owed to Montana Agriculture Development Council members. Based on the passage of this bill, state special revenue expenditures are projected to increase by \$2,000 in each year of the biennium.

Senate Bill 261 - SB 261 authorizes the growing of industrial hemp as an agricultural crop, and requires the payment of a license fee prior to the growing of industrial hemp by a producer. The effect on state special revenue balances is projected at a net zero change over the biennium.

Senate Bill 326 - SB 326 generally revises laws pertaining to weeds. Among other things, the act effects a transfer of \$100,000 in each year of the biennium from the Highway State Special Revenue Account into the Noxious Weed Administration Account; and a one-time transfer of \$500,000 in fiscal 2003 from the Resource Indemnity Trust Fund into the Noxious Weed Administration Account. Both transfers are to be used for the purpose of weed management district program enhancement.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	108.72	110.55	109.55	(1.00)	110.55	109.55	(1.00)	
Personal Services	3,512,414	4,158,411	4,155,696	(2,715)	4,181,668	4,178,943	(2,725)	(5,440)
Operating Expenses	2,176,271	2,695,553	2,689,452	(6,101)	2,508,216	2,502,104	(6,112)	(12,213)
Equipment	214,512	300,322	300,322	0	253,816	253,816	0	0
Grants	2,868,758	2,670,642	4,871,983	2,201,341	2,675,463	3,376,800	701,337	2,902,678
Transfers	80,000	80,000	80,000	0	80,000	80,000	0	0
Debt Service	1,308	1,308	1,308	0	1,308	1,308	0	0
Total Costs	\$8,853,263	\$9,906,236	\$12,098,761	\$2,192,525	\$9,700,471	\$10,392,971	\$692,500	\$2,885,025
General Fund	608,714	751,974	791,394	39,420	745,661	785,068	39,407	78,827
State/Other Special	7,451,196	8,161,994	8,315,131	153,137	7,993,889	8,647,014	653,125	806,262
Federal Special	518,056	636,485	2,636,485	2,000,000	637,742	637,742	0	2,000,000
Proprietary	275,297	355,783	355,751	(32)	323,179	323,147	(32)	(64)
Total Funds	\$8,853,263	\$9,906,236	\$12,098,761	\$2,192,525	\$9,700,471	\$10,392,971	\$692,500	\$2,885,025

Executive Budget Comparison

The legislative budget is \$2.9 million higher than the executive proposal. General fund is increased by \$78,827 over the biennium. The increase in funding is entirely attributable to the addition of approximately \$202,000 general fund,

\$700,000 state special revenue, and \$2.0 million federal funds for weed control activities. The legislature also approved two global amendments which:

1. reduced general fund by an amount equal to 1 percent of authorized FTE (\$5,440 over the biennium). No FTE were reduced; and
2. reduced general fund by an amount equal to 13 percent of fiscal 2000 general fund travel expenditures (\$9,654 over the biennium).

Additionally, the legislature approved a fund switch that reduced general fund and increased state special revenue authority by \$108,390 over the biennium.

Language

Item [Central Management Division] includes a reduction in general fund of \$4,827 in fiscal 2002 and \$4,827 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Central Management Division] includes a general fund reduction of \$2,715 in fiscal 2002 and \$2,725 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	12.00	0.00	1.00	13.00	0.00	1.00	13.00	13.00
Personal Services	486,129	42,205	36,841	565,175	45,207	36,971	568,307	1,133,482
Operating Expenses	176,207	7,774	118,972	302,953	(19,345)	35,386	192,248	495,201
Equipment	13,603	0	0	13,603	0	0	13,603	27,206
Grants	0	0	0	0	0	0	0	0
Total Costs	\$675,939	\$49,979	\$155,813	\$881,731	\$25,862	\$72,357	\$774,158	\$1,655,889
General Fund	230,062	13,364	(43,873)	199,553	2,100	(43,883)	188,279	387,832
State/Other Special	319,055	31,277	175,141	525,473	19,451	123,745	462,251	987,724
Federal Special	94,201	(3,329)	(22,059)	68,813	(3,487)	(22,059)	68,655	137,468
Proprietary	32,621	8,667	46,604	87,892	7,798	14,554	54,973	142,865
Total Funds	\$675,939	\$49,979	\$155,813	\$881,731	\$25,862	\$72,357	\$774,158	\$1,655,889

Program Description

The Central Management Division (CMD) performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. This division also includes the director's office, which provides overall policy development for the department.

Funding

This program is funded with a mixture of general fund, state and federal special revenue, and proprietary funds. The division is funded by assessments on the programs it supports. Each program is assessed 20 percent of its personal services and 2.5 percent of grants in order to compensate the division for its services. This method of assessment to the programs is consistent with how the division has assessed programs in the past.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					64,326					67,458
Vacancy Savings					(15,239)					(15,333)
Inflation/Deflation					37					246
Fixed Costs					6,646					(26,636)
Total Statewide Present Law Adjustments					\$55,770					\$25,735
DP 4 - Base Budget Adjustments										
	0.00	1,964	3,927	0	6,545*	0.00	3,756	7,512	0	12,520*
DP 696 - Data Network Fixed Cost Reduction										
	0.00	0	(215)	0	(215)	0.00	0	(216)	0	(216)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
	0.00	(873)	(4,366)	0	(5,239)	0.00	(877)	(4,382)	0	(5,259)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(2,065)	(4,335)	0	(6,882)*	0.00	(2,075)	(4,358)	0	(6,918)*
Total Other Present Law Adjustments										
	0.00	(\$974)	(\$4,989)	\$0	(\$5,791)*	0.00	\$804	(\$1,444)	\$0	\$127*
Grand Total All Present Law Adjustments					\$49,979*					\$25,862*

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Base Budget Adjustments - The legislature approved an increase in general fund and state special revenue for anticipated administrative cost increases. Increases include travel expenses for the department director, information technology staff training, and dues to the National Association of State Departments of Agriculture.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2 - Fund Switch-Accounting Technician										
15	0.00	0	22,059	(22,059)	0	0.00	0	22,059	(22,059)	0
DP 3 - Electronic Transactions Strategic Planning										
15	1.00	17,864	98,887	0	163,355*	1.00	17,864	47,491	0	79,909*
DP 99 - Fund Switch - Reduce General Fund										
15	0.00	(54,195)	54,195	0	0	0.00	(54,195)	54,195	0	0
DP 691 - Personal Services General Fund Reduction										
15	0.00	(2,715)	0	0	(2,715)	0.00	(2,725)	0	0	(2,725)
DP 693 - Statewide Travel Reduction										
15	0.00	(4,827)	0	0	(4,827)	0.00	(4,827)	0	0	(4,827)
Total	1.00	(\$43,873)	\$175,141	(\$22,059)	\$155,813*	1.00	(\$43,883)	\$123,745	(\$22,059)	\$72,357*

New Proposals

DP 2 - Fund Switch-Accounting Technician - The legislature approved the reallocation of funding for an accounting technician position in the Central Management Division to more accurately reflect the allocation of duties performed by the position. The adjustment reduces federal EPA funds from 100 percent to 25 percent and increases various state special revenue accounts to 75 percent.

DP 3 - Electronic Transactions Strategic Planning - The legislature approved increases to general fund, state and federal special revenue, and proprietary authority for implementation of a comprehensive information technology plan for the department. This increase added 1.0 FTE and the funding necessary to convert a modified position to permanent, in addition to providing funding to develop and implement a strategic plan for electronic government transactions and communications, to incorporate IT projects for the Hail Insurance Program and the licensing programs, and to upgrade a current IT position from grade 16 to grade 19. Programs included for database upgrades with this increase include the Hail Insurance, Pesticide, Fertilizer, Apiary Registration, Feed, Seed, and Produce, and the Agricultural Commodity Warehouse Operators and Commodity Dealers programs, as well as various licensing and registration programs. The legislature designated contracted services funding of \$118,000 in fiscal 2002 and \$34,414 in fiscal 2003 as one-time-only.

DP 99 - Fund Switch - Reduce General Fund - The legislature approved a funding switch in the Central Management Division. This switch reduces general fund and replaces it with funding from the Pesticide and the Produce accounts.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced. The entire reduction

was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 13 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

Language

Item [Central Management Division] includes a reduction in general fund of \$4,827 in fiscal 2002 and \$4,827 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Central Management Division] includes a general fund reduction of \$2,715 in fiscal 2002 and \$2,725 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	56.84	0.83	(1.00)	56.67	0.83	(1.00)	56.67	56.67
Personal Services	2,013,766	117,282	16,838	2,147,886	129,293	16,896	2,159,955	4,307,841
Operating Expenses	878,847	96,416	89,119	1,064,382	77,322	72,047	1,028,216	2,092,598
Equipment	200,909	(33,990)	25,000	191,919	(40,996)	42,000	201,913	393,832
Grants	1,986,260	(276,878)	2,201,341	3,910,723	(276,878)	701,337	2,410,719	6,321,442
Total Costs	\$5,079,782	(\$97,170)	\$2,332,298	\$7,314,910	(\$111,259)	\$832,280	\$5,800,803	\$13,115,713
General Fund	51,204	85,538	101,341	238,083	87,613	101,337	240,154	478,237
State/Other Special	4,649,966	(195,101)	100,000	4,554,865	(212,694)	600,000	5,037,272	9,592,137
Federal Special	378,612	12,393	2,130,957	2,521,962	13,822	130,943	523,377	3,045,339
Total Funds	\$5,079,782	(\$97,170)	\$2,332,298	\$7,314,910	(\$111,259)	\$832,280	\$5,800,803	\$13,115,713

Program Description

The Agricultural Sciences Division administers, manages, coordinates, and evaluates the major activities of:

1. pesticide and pest management;
2. analytical laboratory services;
3. noxious weed management;
4. agricultural chemical groundwater management;
5. vertebrate pest management; and
6. organic product certification.

This program administers the Montana Pesticides Act, the Agricultural Chemical Groundwater Protection Act, the Crop Insect Detection Act, the Vertebrate Pest Management Act, the Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed within the state.

Funding

Non-general funds provide 96.4 percent of Agricultural Sciences Division funding. General fund supports portions of several programs within the division, including Pesticide Management and Agricultural Commodities, and provides full funding for the Organic Certification Program. The division's primary funding includes state special revenues collected from the \$1.50 noxious weed vehicle registration fee and the interest earned on the Noxious Weed Trust. Pesticide registration fees of \$185 per product are allocated at the \$95 level to the Groundwater State Special Revenue Account, with the remaining \$90 going to the Pesticide Management State Special Revenue Account. The Pesticide Management Account also receives revenue from pesticide dealers and commercial, governmental, and farm application fees. Other state special revenues come from commercial feed and fertilizer registration and inspection fees. These fees include mint assessments, fees for anhydrous ammonia and commodity inspection, testing and license fees, and commercial dealer and public-warehouse operator license fees. Federal funds are from the market services account, which completely funds the medicated feed program, portions of the pesticide and ground water programs supported by the EPA, and weed management grants for fire-affected areas.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				174,218						186,690
Vacancy Savings				(59,479)						(59,854)
Inflation/Deflation				514						1,348
Fixed Costs				29,776						31,911
Total Statewide Present Law Adjustments				\$145,029						\$160,095
DP 2 - Base Budget Adjustments	0.00	5,312	(290,733)	1,350	(284,071)	0.00	6,961	(311,496)	1,350	(303,185)
DP 6 - Increase Seasonal Potato Inspectors	0.33	0	10,674	0	10,674	0.33	0	10,674	0	10,674
DP 7 - Organic Certification Program	0.50	41,567	0	0	41,567	0.50	41,680	0	0	41,680
DP 8 - Alfalfa Seed Phytosanitary Inspection	0.00	0	4,000	0	4,000	0.00	0	4,000	0	4,000
DP 9 - Agriculture Commodities Contract	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
DP 10 - Feed Study on Weed Seed Standards	0.00	0	10,000	0	10,000	0.00	0	0	0	0
DP 11 - Genetically Modified Organisms Training	0.00	0	2,500	0	2,500	0.00	0	2,500	0	2,500
DP 696 - Data Network Fixed Cost Reduction	0.00	(32)	(703)	0	(735)	0.00	(32)	(714)	0	(746)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(1,269)	(5,271)	(1,448)	(7,988)	0.00	(1,272)	(5,285)	(1,451)	(8,008)
DP 699 - Vacancy Savings at 4 Percent	0.00	(1,115)	(24,715)	(2,316)	(28,146)	0.00	(1,118)	(24,825)	(2,326)	(28,269)
Total Other Present Law Adjustments				0.83	\$44,463	(\$284,248)	(\$2,414)	(\$242,199)	0.83	\$46,219
Grand Total All Present Law Adjustments					(\$97,170)		(\$315,146)	(\$2,427)		(\$271,354)
Grand Total All Present Law Adjustments					(\$97,170)					(\$111,259)

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Base Budget Adjustments - The legislature approved adjustments to all programs, to effect a net decrease over the biennium and keep expenditures consistent with projected revenue. Decreases include contracted services for the installation of water-monitoring wells, vehicle replacement funding, and grant funding. Increases include contracted services to provide for anhydrous ammonia safety training, in-state lodging increases, equipment replacement funding, and the division's share of the department's cost allocation plan.

DP 6 - Increase Seasonal Potato Inspectors - The legislature approved an increase in state special revenue authority enabling the department to address the increased workload associated with the Seasonal Potato Inspection Program. The increase adds 0.33 FTE and related funding each year of the biennium in order to increase the number of seasonal inspectors used by the department.

DP 7 - Organic Certification Program - The legislature approved the use of general fund to support implementation of the Organic Certification Program. The increase adds a 0.5 FTE and program-related funding for each year of the biennium. The legislature designated the appropriation as restricted/one-time-only, and included language specifying intent for the program to use sources other than general fund during the 2005 biennium.

DP 8 - Alfalfa Seed Phytosanitary Inspection - The legislature approved an increase in state special revenue authority allowing the department to continue to contract for alfalfa crop inspections.

DP 9 - Agriculture Commodities Contract - The legislature approved an increase in state revenue authority allowing the department to contract with the USDA for warehouse compliance inspections.

DP 10 - Feed Study on Weed Seed Standards - The legislature approved an increase in state special revenue authority allowing the department to contract with Montana State University feed-forage and weed specialists to: 1) conduct a study on weed seeds in feeds; and 2) recommend standards for the number of viable weed seeds in feeds.

DP 11 - Genetically Modified Organisms Training - The legislature approved an increase in state special revenue authority allowing the department to provide specialty training on genetically-modified organisms.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capitol Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals											
-----Fiscal 2002-----						-----Fiscal 2003-----					
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 4 - USDA Record Keeping Grant											
30	0.00	0	0	30,957	30,957	0.00	0	0	30,943	30,943	
DP 5 - EPA Special Grants Funding											
30	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000	
DP 20 - Weed Management Grants											
30	0.00	0	0	2,000,000	2,000,000	0.00	0	0	0	0	
DP 21 - Weed Control Program											
30	0.00	101,341	0	0	101,341	0.00	101,337	0	0	101,337	
DP 326 - SB 326 - Weed Control Program											
30	0.00	0	100,000	0	100,000	0.00	0	600,000	0	600,000	
DP 689 - FTE Reduction											
30	(1.00)	0	0	0	0	(1.00)	0	0	0	0	
Total	(1.00)	\$101,341	\$100,000	\$2,130,957	\$2,332,298	(1.00)	\$101,337	\$600,000	\$130,943	\$832,280	

New Proposals

DP 4 - USDA Record Keeping Grant - The legislature approved an increase in federal special revenue authority, allowing the department to contract with the USDA to conduct a federal program ensuring private applicators who purchase and use restricted-use pesticides maintain appropriate records. The increase funds an existing 0.5 FTE and related costs, allowing inspections to be conducted for a negotiated number of applicators per year.

DP 5 - EPA Special Grants Funding - The legislature approved an increase in federal special revenue authority, allowing the department to expend grant funds. The increase includes grants for programs involving pesticide certification, enforcement, worker protection, endangered species and ground water. The legislature designated this appropriation as one-time-only.

DP 20 - Weed Management Grants - The legislature approved an increase in federal special revenue authority allowing the department to accommodate federal grants available for weed management programs in the areas impacted by the 2000 fires. The legislature designated the appropriation as biennial.

DP 21 - Weed Control Program - The legislature approved a general fund increase to provide for weed control grants. Additionally, the legislature reduced general fund within the Department of Fish, Wildlife, and Parks (FWP) by like amounts. The intent of the general fund reallocation is to have FWP contribute to the control of weeds distributed by hunters, fishermen, and wildlife on non-FWP properties. The legislature designated this appropriation as restricted.

DP 326 - SB 326 - Weed Control Program - Under the provisions of SB 326, the department is to receive \$100,000 each year from the Highway State Special Revenue Account. Additionally, the department is to receive a one-time transfer of \$500,000 in fiscal 2003 from the Resource Indemnity Trust, once the trust is certified by the Governor as having a balance in excess of \$100 million. The legislature designated the \$500,000 fiscal 2003 appropriation as one-time-only.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Language

It is the intent of the legislature that the department use sources other than the general fund to fund operations of the organic certification program in the 2005 biennium.

Item [Agricultural Sciences Division] contains \$100,000 each year of the 2003 biennium from the Department of Transportation Highway State Special Revenue Fund for use in the weed control program. This appropriation is contingent upon passage and approval of SB 326. (Note - SB 326 was passed and approved.)

The funds in item [Weed Control Program] are to be granted to governmental entities through an application process, to mitigate the impact of noxious weeds on private and state lands, except Department of Fish, Wildlife, and Parks lands, as a result of the activities of the Department of Fish, Wildlife, and Parks.

Item [SB 326 -- Weed Control Program] contains a \$500,000 appropriation in fiscal 2003 from state special revenue funds that are to be transferred from the Resource Indemnity Trust Fund. The \$500,000 appropriation is contingent upon the Governor's certification that the trust balance is in excess of \$100 million. Upon meeting the contingency in fiscal 2003, the Office of Budget and Program Planning is authorized to transfer the \$500,000 in cash from the Resource Indemnity Trust Fund to a state special revenue fund to be used for this purpose. Item [SB 326 -- Weed Control Program] is contingent upon passage and approval of SB 326. (Note - SB 326 was passed and approved.)

Proprietary Rates

Program Description

The Montana Agricultural Loan Authority (MALA) was established in 1983 to administer the Beginning Farm Loan Program enacted under 80-12-101 through 80-12-403, MCA. Although MALA has been inactive since 1985, a proprietary account has been maintained to implement the tax deductions portion of the MALA, which remains in effect under 80-12-211, MCA. The program allows for a Montana income tax and/or capital gains deduction up to \$50,000 to the seller of agricultural land, if that land is sold to a qualifying beginning farmer or rancher. The parties involved must meet all qualifications of the program and must receive department approval. The legislature approved re-activation of the MALA for the 2003 biennium.

The Alfalfa Leaf-cutting Bee Program was established in 1981. The Alfalfa Seed Committee establishes standards for pathogens and parasites, certification of bees, and management of the program in cooperation with the department. Department personnel perform field and laboratory duties for the committee.

Revenues and Expenses

Revenue for the Beginning Farm Loan Program comes from the \$25 application fee charged to sellers applying for the program.

Alfalfa Leaf-cutting Bee Account revenues are received from laboratory analyses of pathogens in larva and determinations of sex ratios. Expenditures include laboratory costs and the committee members' per diem. There are no FTE funded in the program. There are usually overtime payments to the entomologist funded by this account. In fiscal 2000, the Alfalfa Leaf-cutting Bee Account received \$4,715 in revenues and expended \$3,902, for a fund balance increase of \$813.

No revenue was collected for the Beginning Farm Loan Program. However, the legislature approved re-activation of the Beginning Farm Loan Program for the 2003 biennium.

Rate Explanation

Fees are charged for certification and registration of Alfalfa Leafcutter Bees in Montana and for laboratory expenses. The fees charged are set by rule.

New Proposals

DP 100 - Beginning Farm Loan Program - The legislature approved re-activation of the Beginning Farm Loan Program under the Montana Agricultural Loan Act (80-12-311, MCA). The department requested the re-activation as a response to changes to the federal Internal Revenue tax code and renewed interest from Montana's agricultural bankers.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	39.88	0.00	0.00	39.88	0.00	0.00	39.88	39.88
Personal Services	1,012,519	430,116	0	1,442,635	438,162	0	1,450,681	2,893,316
Operating Expenses	1,121,217	200,900	0	1,322,117	160,423	0	1,281,640	2,603,757
Equipment	0	94,800	0	94,800	38,300	0	38,300	133,100
Grants	882,498	78,762	0	961,260	83,583	0	966,081	1,927,341
Transfers	80,000	0	0	80,000	0	0	80,000	160,000
Debt Service	1,308	0	0	1,308	0	0	1,308	2,616
Total Costs	\$3,097,542	\$804,578	\$0	\$3,902,120	\$720,468	\$0	\$3,818,010	\$7,720,130
General Fund	327,448	26,310	0	353,758	29,187	0	356,635	710,393
State/Other Special	2,482,175	752,618	0	3,234,793	665,316	0	3,147,491	6,382,284
Federal Special	45,243	467	0	45,710	467	0	45,710	91,420
Proprietary	242,676	25,183	0	267,859	25,498	0	268,174	536,033
Total Funds	\$3,097,542	\$804,578	\$0	\$3,902,120	\$720,468	\$0	\$3,818,010	\$7,720,130

Program Description

The Agricultural Development Division administers programs that promote Montana agriculture through market development and enhancement. Assistance is given in support of commercializing traditional and innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the Rural Development, Wheat and Barley, Agriculture Marketing and Business Development, and State Grain Laboratory bureaus. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests to establish contract settlement prices between buyers and sellers of grain crops in Montana.

Funding

Non-general funds provide 91 percent of Agricultural Development Division funding. General fund supports portions of administrative, agricultural marketing, agricultural statistics, and agricultural development activities. State and other special revenues consist of wheat and barley sales taxes, grain testing fees, coal severance tax collections, alfalfa seed assessments, income-tax check-offs for Agriculture in Montana Schools, interest earnings, and private donations. The Growth Through Agriculture Program receives a share of 8.36 percent of Coal Severance Tax collections, which is used to fund grants in, and operations of, the Agriculture Development Council for the Montana Growth Through Agriculture Act. Proprietary funds come from Hail Insurance; expendable trust funds come from the Rural Development and Rehabilitation Program. Hail Insurance administrative expenses are appropriated in HB 2 per Title 80, Chapter 2, MCA. Rural Development and Rehabilitation Program funds are not appropriated in HB 2.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				312,981					320,075	
Vacancy Savings				(35,837)					(36,048)	
Inflation/Deflation				2,433					3,607	
Fixed Costs				34,976					33,882	
Total Statewide Present Law Adjustments				\$314,553					\$321,516	
DP 12 - Rail Transportation Technical Assistance	0.00	0	50,000	0	50,000	0.00	0	0	0	0
DP 696 - Data Network Fixed Cost Reduction	0.00	(152)	(140)	0	(324)*	0.00	(151)	(140)	0	(323)*
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(1,510)	(1,173)	0	(4,000)*	0.00	(1,515)	(1,176)	0	(4,012)*
DP 699 - Vacancy Savings at 4 Percent	0.00	(3,915)	(11,082)	0	(17,184)*	0.00	(3,938)	(11,123)	0	(17,255)*
DP 5005 - In-State Lodging Rate Increase	0.00	1,000	2,390	467	6,361*	0.00	1,000	2,390	467	6,361*
DP 5006 - State Grain Laboratory Base Adjustment	0.00	0	238,255	0	238,255	0.00	0	210,900	0	210,900
DP 5007 - Wheat & Barley Base Adjustments	0.00	0	187,595	0	187,595	0.00	0	173,945	0	173,945
DP 5008 - Hail Insurance Program Base Adjustment	0.00	0	0	0	20,047*	0.00	0	0	0	20,061*
DP 5009 - Non-employee Per Diem Base Adjustment	0.00	0	2,775	0	2,775	0.00	0	2,775	0	2,775
DP 5010 - Agriculture in Montana Schools	0.00	0	6,500	0	6,500	0.00	0	6,500	0	6,500
Total Other Present Law Adjustments										
	0.00	(\$4,577)	\$475,120	\$467	\$490,025*	0.00	(\$4,604)	\$384,071	\$467	\$398,952*
Grand Total All Present Law Adjustments				\$804,578*	\$720,468*					

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 12 - Rail Transportation Technical Assistance - The legislature approved an increase in state special revenue allowing the department to continue efforts to monitor and address issues affecting the transportation of Montana's agricultural products. The increase provides funds to procure contracted services geared to providing oversight on mergers, deregulation, trade issues, commodity inspections, and Canadian transportation issues affecting Montana. This increase is funded entirely from the Wheat and Barley Research and Marketing Account. The legislature made this appropriation on a biennial basis, and designated it as restricted/one-time-only.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 5005 - In-State Lodging Rate Increase - The legislature approved an increase in general fund and state and federal special revenue authority to accommodate the anticipated increases of in-state lodging rates for the 2003 biennium. This increase assumes an approximate 57 percent increase from June 1st through September 30th for each year of the biennium.

DP 5006 - State Grain Laboratory Base Adjustment - The legislature approved an increase in state special revenue authority to adjust expenditures in anticipation of increased workload in the 2003 biennium. This increase is funded entirely by the Grain Services Account.

DP 5007 - Wheat & Barley Base Adjustments - The legislature approved an increase in state special revenue authority for operating costs of the Montana Wheat and Barley Committee. The increases include overtime, committee member per diem, consulting services, server replacement, travel-related costs, rent, vehicle replacement, repair and maintenance, printing and postage, research, and market development. This increase is entirely funded by the Wheat and Barley Research and Marketing Account.

DP 5008 - Hail Insurance Program Base Adjustment - The legislature approved an increase in proprietary funds allowing the department to adjust for low expenditures resulting from the low workload experienced during the base year. The increase assumes average workloads during the upcoming biennium.

DP 5009 - Non-employee Per Diem Base Adjustment - The legislature approved an increase in state special revenue authority to fund per diem for non-state employee members of the Alfalfa Seed Committee and the Agriculture Development Council. This provides per diem funding based on full member participation in an anticipated number of meetings.

DP 5010 - Agriculture in Montana Schools - The legislature approved an adjustment to allow expenditure of tax check-off funds. The base year contained no expenditures.